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## **This Week You Need To Know**

### **THE WORLD SINCE JANUARY 12TH**

*Here is Jeffrey Steinberg's keynote to weekend cadre schools of the LaRouche Youth Movement Feb. 5, that took place on the West Coast, Ohio, Boston, Philadelphia, and Washington, D.C. Following his keynote, questions continued for just under an hour and a half.*

I'm going to make a presentation that will probably run in the vicinity of about 45 minutes, and hopefully, it will provoke a lot of thinking and room for questions and discussion afterwards. I'm calling this address, "The World Since Jan. 12," because, on Jan. 12, in his keynote address in Berlin, addressing an extremely impressive audience of leading political figures—intellectuals, people with important political voices in their home countries, representing the whole spectrum of Eurasia, Africa, and the Americas—Lyn launched a vital new updated, global strategic initiative. And since those remarks of Jan. 12, and the day and a half of intensive discussion that took place after that, the world has gone through some very dramatic changes, and we're in a fundamentally different strategic situation now, than we were when those keynote words were delivered by Lyn.

I would really urge people, as I did this morning, to re-read Lyn's keynote remarks from Berlin, because it reflected a kind of distillation of all of the key ideas that Lyn has developed in the two major strategic studies that he wrote in preparation for the Berlin summit: namely, his "New Treaty of Westphalia," and the planet in the next 50 years ["Earth's Next 50 Years"]. Lyn began in Berlin, by simply stating a certain axiomatic reality, which many of us understand quite clearly, namely, that the current, post-Bretton Woods, floating-exchange-rate monetary system, is dead; it is unsalvageable, and it is crashing down around us at an accelerating rate.

Now, we understand that concept. But, what's occurred in the intervening weeks, since Lyn's remarks in Berlin, is that this issue has bubbled to the surface, in a way in which we are in the here and now, back at a moment when the issue of a new global financial system is not merely a luxury item, something that leading intellectuals like to talk about without any near-term prospect of action. But, this has now emerged center-stage as an action agenda, for the United States and the world. And happily, Lyn's forecast in Berlin—that we have reached a point of discontinuity in the strategic situation, in which revolutionary changes can be achieved—has been born out.

Now, again, going back to Lyn's keynote remarks, and then the entire major thematic direction of the Berlin seminar, Lyn understood that this was a crucial moment, to make a strategic intervention around the issue of the indispensable role that the United States has to play in shaping this revolutionary moment of discontinuity. And he minced no words, when he said, particularly to the assembled leading representatives of Western European governments who were there in Berlin—Western and Central European governments who now make up the expanded European Union—he said to them, that, basically, there is not a country in Europe that is a sovereign constitutional nation-state. And the litmus test that he presented was, that there is not a government in Europe, in which elected officials are more powerful than the central bankers. And he said that this reality became virtually a death-grip, when the governments of Europe capitulated to the Maastricht Treaty, the Stability Pact, and that whole set of arrangements.

And so therefore, no meaningful change, no meaningful opportunity to exploit this moment of revolutionary discontinuity, is possible without a change in the political situation inside the United States. And frankly, Lyn's objective at this conference, was, I think, first and foremost, to make a breakthrough on this issue: to give people who represent leading thinking political circles—in Western Europe, in Russia, in China, in India, in Africa—an idea that the prospects of a political revolution inside the United States are very real. And particularly, in the keynote panel, the exchange between Lyn and Professor Menshikov really put the challenge squarely on the table. Because Professor Menshikov stated explicitly what practically everybody else in the room was thinking privately: namely, that whatever Lyn's intentions, whatever Lyn's brilliant ideas, the notion that the United States could play a positive role in world affairs in the foreseeable future, was something that was systematically rejected by all of these people.

And so therefore, the tendency was to think in a *defensive* strategic fashion, about the nature of the world situation over the period of the next four years: to think in terms of defensive regional alliances, to forestall the worst possible policy disasters coming out of Washington, without challenging any of the fundamental aspects, the fundamental axiomatic crises that the world is facing; which is not a crisis that began when George Bush stole the 2000 election and repeated that in 2004. These are axiomatic problems that go back, minimally, to the breakup of the Bretton Woods system, and the end of the last true vestige of the policies of Franklin Roosevelt and the American System on a global scale.

### **- LaRouche vs. George Shultz -**

And that goes back to 1971 and slightly earlier, and gets us very much to the heart of the present battle for the soul of the United States of America, which you could characterize as a fight between Lyndon LaRouche, the heir of the legacy of the American System and FDR, and of course, a much longer republican scientific revolutionary tradition; versus the personality and policy outlook of George Shultz, the controller of the Bush Administration, the controller of the future would-be Nazi dictator of America, Arnold Schwarzenegger, and the man, who in our current political epoch, personifies the central banker fascist: George Shultz is the latter-day Hjalmar Schacht. As Lyn indicated yesterday in a phone discussion: Before you can have Hitler, before you can have the jack-boots movement, you must have a Hjalmar Schacht. You must have the person representing the combined interests of the private central banking system, which was codified in 1930-31, with the creation of the Bank for International Settlements, and which earlier was established in Europe at the time of the American, and then French Revolutions, as the European Anglo-Dutch system—the more modern representation of what was earlier known as the Venetian system.

So, we've got a fight in the United States between Lyndon LaRouche and George Shultz. And the outlook and the machinery, and the near-term policy intentions of LaRouche and Shultz, represent the two, diametrically opposite poles of political conflict in the world today.

Now, at Berlin, I think we did a pretty credible job, overall, of forcing the participants in the conference to confront their own cynicism, and their own false-axiomatic assumptions, about the political situation in the United States. And people will remember, Lyn's direct comments after the presentation at the morning keynote panel by General Saighal from India, where General Saighal presented the idea of the discontinuity, from only the standpoint of the grave danger represented by it. Lyn addressed the discontinuity, and also identified it as a revolutionary moment, when the discontinuity posed the greatest opportunity for new ideas to be put on the table and implemented.

And the essence of Lyn's new ideas—which are really not new ideas at all, but new expressions of the entire republican, American System trajectory—was, number one: Now *is* the moment to reorganize the hopelessly bankrupt global financial system. Number two: We've got to do this, in the framework of a new, extended Treaty of Westphalia. And Lyn discussed the fact, that we were on the verge of achieving a second Treaty of Westphalia in 1983, when President Ronald Reagan adopted Lyn's own strategic concept of the Strategic Defense Initiative, which was far more than a military doctrine. It was the framework for a new set of relations among sovereign nation-states of Eurasia, the Americas, Africa, based on an

alternative security structure to the Mutually Assured Destruction threat of constant nuclear holocaust, that had been set in motion with the bombing of Hiroshima and Nagasaki, after the death of Roosevelt.

So, we failed to seize that opportunity in 1983, because the then-Soviet head of state Yuri Andropov rejected Reagan's offer. And that set in motion a whole chain-reaction series of events that a half-decade later let to the collapse of the Soviet Union—just as Lyn forecast would be the consequences of their failure to act.

So, we've been through a lot since the 1983 Andropov rejection: Lyn was targetted for political or physical elimination. He went to jail. The Soviet Union collapsed. We had the revitalization of the Bertrand Russell doctrine of preventive nuclear war, initiated in 1990 by then-Secretary of Defense Dick Cheney. We've had several further steps of erosion of the post-Bretton Woods floating-exchange-rate system.

And so, now we've arrived at this moment, where this new Treaty of Westphalia idea is once again squaring on the table. Because, just as the Soviet Union inevitably collapsed, as the result of Andropov's refusal to accept Lyn's and Reagan's offer of a new Treaty of Westphalia arrangement, centered around the Strategic Defense Initiative, now we've reached the point, where the slower process of absolute disintegration of the post-Bretton Woods system has reached the point, where reality has inescapably bubbled to surface. And we're fortunate, in some respects, that this issue has emerged in a very concrete and very immediate form, which is the fight around Social Security privatization, which is really the surface edge, of the much-deeper fight which I'm going to address in a few minutes on several different levels: the economic and political level, and also the more underlying philosophical level.

### **- Behind the Social Security Issue -**

So, what's the real meaning of the Social Security issue? The drive behind the Bush push for Social Security privatization—not partial, not toe in the door, not pilot project, but the grab for the entire Social Security pot of gold, is drive precisely by the fact that we have reached the end-point of the post-Bretton Woods floating-exchange-rate system, *and everybody knows it*. The dollar has collapsed by approximately 40% against the euro and some other major world currencies, over the last two-year period, and we're poised on the verge of an even more precipitous dollar collapse in the immediate days and weeks ahead. You can't predict with any certainty the date it's going to happen, but it's on the table to happen at any moment, and any one of a number of factors could trigger it.

Right now, the dollar is eroding slowly, rather than rapidly, because there is still a net inflow, every single trading day, of about \$2.1 billion in money coming into the United States stock and bond markets. Should that money dry up—and there is no question that it will in the very near future—the dollar will go through a precipitous crash, and that will mean that the entire global financial architecture has disintegrated. And this is well known, among the leading financier circles of the planet. And those who want, at all costs, to defend this system, to keep it propped up for a further period of time, have zeroed in on the Social Security Trust Fund, which is a continuous stream of about 6.2% of the entire weekly wages of the private sector of the U.S. economy; not counting people working in the underground economy, under the table, whose wages aren't identified and taxed. That is the *biggest available* income stream in the United States. I don't have the precise number in front of me, but it offsets the \$2.1 billion a day that right now is the net inflow from overseas.

So, Shultz and Greenspan and this apparatus *are desperate*, hysterical, psychotically desperate, to get their hands on this money; to get their hands on all of it; and to get their hands on it, right away. Which means that they are moving, rapidly, with very little of a political safety net under them. They're walking a tightrope between two mountains, with a gorge down below that drops several miles before you hit, splat-bottom. So, they're on a very, very precarious course of action. And therefore, they can be politically defeated. And by politically defeating them, we defeat something much larger.

When Lyn talks about the Anglo-Dutch political system, he's talking about a system of parliamentary government, in

which the elected officials, and therefore the general will of the electorate, is not represented in any powerful form. There's no constitution, with a general welfare clause that prescribes the mission of government. And even if there were, under a parliamentary constitutional system, there is no center of political power, to make changes during periods of crisis; there's no strong Executive branch. And when you get an insane asylum called the White House, as we have now, with psychopath Bush and sociopath Cheney, there's also no system of checks and balances, to offset the potentially great power of the Executive branch to do evil.

So, you don't have a system like we have under our Constitution, of a bicameral Legislative branch, which has the power to veto the actions of an insane Executive. You don't have an independent Judiciary, with the authority to step in and prevent the Executive branch from acting above the law. And, if you look back over the last six months, you'll find that even this completely insane bunch of Conservative Revolutionaries, like Scalia and Thomas on the Supreme Court—even they intervened unanimously, when the Executive branch tried to claim that there are categories of American citizens who don't enjoy the protection of the court. When the court was being told that they don't have jurisdiction and authority versus the Executive branch over a segment of the American people—namely, the so-called "enemy combatants"—they came back and slammed the Executive branch in a series of unanimous decisions, that turned parts of the Patriot Act and the interpretations of Guantanamo Bay, and all of this stuff, on its head. So, we still have, even in this depraved Supreme Court, an institutional impulse to protect the role of the Supreme Court and the Judiciary in our Constitutional system.

Now, with the vote theft of November 2000, and the repeat performance in November 2004, and with the existence of a Republican majority in both the House and in the Senate, there has been an attempt to basically impose the Anglo-Dutch parliamentary model on the American System. What have we seen with Cheney's role, along with Tom DeLay and Bill Frist, in attempting to beat down the Republican majority in the Congress, into the kind of willing pawns of the Executive branch, that you would see in a parliamentary system, where there's really no distinction between the so-called prime ministerial office and the parliament.

This attempt to essentially eradicate, de facto, the Constitutional framework of checks and balances between the Executive, Legislative, and Judicial branches, and between the states and the Federal government, has now suddenly run up against some roadblocks. And so, the efforts at this point, to, in effect, create a parliamentary system, to ram through the final dismantling of the FDR legacy and to force through into implementation the Bertrand Russell doctrine of preventive nuclear war, is on the table and is being fought out. And because of Lyn's intervention, really going back a long way—but I can sort of date back to 1996—the intensification of the battle for the soul of the Democratic Party, within a short period of time of Lyn getting out of jail, we have now reached the point, that the Democratic Party, in the period since Lyn's Berlin address of Jan. 12, has finally resolved, in a pretty definitive way: the battle over the soul of the party, the battle over the identity of the party. And Franklin Delano Roosevelt has won out, against the suburban Soccer Moms and SUV Dads.

Because, remember: People in the Democratic Leadership Council wing of the party, the Joe Lieberman wing of the Democratic Party, had argued through the 2000 and the 2004 elections, that the Democratic Party could no longer be the party of the Franklin Roosevelt, and had to be merely a "kinder, gentler" version of the Republican Party, oriented to the upper 20% income bracket in the wealthy suburbs.

That whole approach has been defeated, in a rather dramatic way. You had a symbolic statement of this on Thursday morning, when the Democratic leadership in the Senate, travelled to the FDR memorial to issue an open letter to President Bush signed by 44 of 45 members of the Democratic caucus in the Senate, outright rejecting Bush's privatization of Social Security.

So, as Lyn said, at that time: We have won the argument, the debate, inside the Democratic Party over the issue of Franklin Roosevelt. And there will be increasingly, people within the Republican Party in Congress, especially within the U.S.

Senate, who are going to cross the aisle and join a bipartisan revolt, against the Bush drive to privatize Social Security, because, at stake is not just the issue of Social Security and stealing those funds from the elderly and launching Schachtian austerity here in the United States: but, this will mean a decisive end of the entire American System, and American experiment in Constitutional republican government—the most successful experiment in government in the history of mankind.

### - Bush's 'Fire in the Mind' -

Now, there is no doubt that the George Shultzes, and the students of Leo Strauss inside the apparatus around the White House, know perfectly well what they're attempting to do. Remember, back in 1994, when the Republicans initially took control of the House of Representatives under the so-called Gingrich Revolution, the "Contract on America." Gingrich made it absolutely clear at that time, that his self-conception was that of a Jacobin, and that what he was instituting inside the United States, was a replay of the French Revolution.

Now, on Jan. 20 of this year, a week and one day after Lyn delivered the keynote in Berlin, President Bush gave his Second Inaugural Address before a Joint Session of Congress. And, of course, Bush's crowning achievement, was that he did a relatively less-psychotic-than-usual reading of a speech that was prepared for him, and which he scarcely understood. You know, Bush is going around bragging that he's read *two* books, not just one. As of Sept. 11, 2001, the whole world knows that Bush had actually successfully read one book cover to cover. And the name of that book was *The Pet Goat*. Now, Bush at least claims that he's read a second book, which is a kind of a pamphlet-sized book by Natan Sharansky on the subject of the global democratic revolution—in effect the global Jacobin revolution.

But, the people who wrote Bush's speech, people like William Kristol, self-conscious, trained student of Leo Strauss, filled up Bush's Inaugural Address with all sorts of key and code words, and in particular, they made two references in the speech to a concept of "the fire in the minds of men." In the third paragraph of the Inaugural Address, Bush said—or, "Bush read" I should say—"at this second gathering, our duties are defined not by the words I use, but by the history we have seen together. For a half-century, American defended our own freedom by standing watch on distant borders. After the shipwreck of Communism came years of relative quiet, years of repose, years of sabbatical. And then, there came a day of fire."

Later in the speech, he developed that image of fire more extensively. When he was talking about America's global mission to conduct a "war on tyranny." He said, "from all of you, I have asked patience in the hard task of securing America, which you've granted in good measure. Our country has accepted obligations that are difficult to fulfill, and would be dishonorable to abandon. Yet, because we have acted in the great liberating tradition of this nation, tens of millions have achieved their freedom. And as hope kindles hope, millions more will find it." Here comes the key formulation: "By our efforts, we have lit a fire as well, a fire in the minds of men. It warms those who feel its power. It burns those who fight its progress. And one day, this untamed fire of freedom will reach the darkest corners of our world."

Now, I can assure you, that George Bush has not the foggiest notion of what those words meant, or what the context, or esoteric interpretation of those words would be, by his Straussian controllers. But, I can assure you, that people like Paul Wolfowitz, William Kristol, and others from this fascist, Straussian camp, were laughing up their sleeves over what this actually means: Because, this term "fire in the minds of men," originates with a book by Dostoevsky, called *The Possessed*. It's actually about somebody who goes mad, goes insane, so it's a perfect reference to President George W. Bush. But, what this is a further reference to, is the *Nietzschean revolution*, the rejection of all of the fundamental axiomatic assumptions of the great monotheistic religions; all of the axiomatic assumptions that Lyn discusses when he talks about the nature of man, what are the universal characteristics of man, as a creative being in the living image of God.

There's a very useful book on this subject, that was written in the 1970s, by a man who's now the Librarian of Congress,

named James H. Billington. The book is called *Fire in the Minds of Men: The Origins of the Revolutionary Faith*. And he traces the anti-humanist revolutionary movement, begun with the French Revolution reaction *against* the American Revolution, carried through the Bolshevik Revolution and the Frankfurt School cultural revolutions in Europe and elsewhere, that dominated the 20th Century.

So, this reference to "the fire in the minds of men" is precisely a reference to this notion which is behind the policy of this Bush Administration, to destroy every fundamental principle that is embedded in the American Revolution, in the U.S. Constitution, and in the principles that we've seen through the Founding Fathers; through the efforts of John Quincy Adams to define an American foreign policy, based on the Treaty of Westphalia, through the revolutionary of Lincoln, in which we spread the American System around the world, and ultimately the revolution of Franklin Roosevelt.

So, this is what we're about today. We're at a moment of discontinuity, when the opportunity exists to give a new meaning to the founding principles of the American Revolution, and to defeat the notions embedded in the concept of "fire in the minds of men."

### **- Where We Stand -**

Now, where do we stand since Jan. 12? I got up at the conference, because it was very clear to me, in Berlin, that despite the enormous respect that all of the participants at the conference had for Lyn as a universal genius, they failed to recognize the fact that Lyn is also a leading representative of the American political institutions, that are in a state of active revolution *against* everything that George Shultz, the latter-day Hjalmar Schacht, and the Straussians represent. And so, we had a very lively discussion back and forth, about what was actually concretely occurring in the United States. And because these events center around the personality of Lyndon LaRouche, these events are the subject of hysterical efforts to black them out, in the media of the United States, and in the international media, particularly in Europe.

So, the point that I made, is that nobody who is not closely following Lyn's activities in the United States and the activities of those people who have joined with us to defeat this Jacobin insurgency, can understand or truly appreciate what the nature of the political fight in the United States is. And I think we made a lot of progress, in giving people a certain handle on what was going on. Of course, this just days after the Joint Session of the Congress, in which the Democrats in the House and Senate, got up and challenged the legitimacy of Bush's election in Ohio. So we already had the advantage, that there was one very concrete demonstration of the power of Lyn's ideas to marshal the Democratic Party, behind these principles.

And, of course, since then—since Jan. 12—there have been a series of stunning developments, principally coming from the Democrats, but now increasingly coming from certain leading members of the Republican Party, in both the House and the Senate: That there is a coalescing of forces, in the two parties, in the Congress, among leading active-duty and retired military, intelligence, and diplomatic personnel, around the idea that the Bush Presidency has to be brought down, and brought down now. And that the very survival of the United States and the planet, as Lyn has been saying for a long time, depends upon exactly that occurring.

So, what have we had, just to tick off the obvious?

\* We had the challenge to Alberto Gonzales, which rose to the level of a debate over the highest principles of the mission of the United States as described in our Constitution. You've got people openly discussing the fact that the Bush Administration is pursuing precedents that can be readily found in the Hitler dictatorship.

\* We had the fight over Condi Rice, a nine-hour debate, a historic debate, on the floor of the Senate, in which 13 members

of the Senate—12 Democrats and one Independent—voted against Condi Rice. And, of course, the important thing was not the number per se, but the fact that representatives of every wing of the Democratic Party cast representative votes against Rice. And then, we had something like 36 Democrats voting against Gonzales.

\* Then, you've had the fight that's erupted, visibly, around opposition to Social Security privatization. And here's where we've seen Republicans as well, coming into the fight over the last several days. Bush left town to try to put pressure on certain potentially weak Democrats coming up for re-election in 2006 in the Senate. And, as soon as he left town, leading Republicans, including the chairman of House Ways and Means subcommittee on Social Security, Rep. Jim McCrery from Louisiana, came out rejecting the Bush plan for privatization of Social Security.

\* And today, and yesterday, we've got some rather extraordinary developments, which further indicate that the underlying, axiomatic issues are bubbling to the surface in an unprecedented fashion; and that the issue of a new global financial architecture is on the table, right now. People know that the Group of Seven finance ministers and central bank heads are meeting in London over the weekend. And on Friday, as a sort of a preview of the G-7 discussions, there was a forum hosted by Gordon Brown who is the British Chancellor of the Exchequer, the equivalent of our Secretary of the Treasury. And the event turned into a rather heated, unusually blunt debate between Alan Greenspan and former Treasury Secretary Bob Rubin—there's a lot more coverage that we'll have over the next 24 hours, because it's sort of broken out in the international media, as a rather significant development.

On the one hand, Greenspan used his typical, unfathomable, incoherent bastardization of the English language—Greenspan-speak—to essentially say, that there is no problem with the U.S. Federal government deficit; there's no problem with the U.S. balance of trade deficit; that these are minor nuisance problems that will be self-corrected by general mechanism of globalization. Now, this was really tantamount to Greenspan saying, there's no problem with the Federal government massively expanding its debt by privatizing and stealing the Social Security funds. There is no danger to the dollar world financial system, if the Federal government, over the next decade, incurs \$2 trillion in added debt to transfer the Social Security Trust Fund into the greedy hands of Wall Street brokerage houses.

And after Greenspan spoke, Rubin, uncharacteristically, got up and said, with all due respect, Greenspan's dead wrong. And he in effect said, that if the U.S. government goes ahead with a massive expansion of Federal government debt—i.e., goes forward with Social Security privatization—then the global financial system will come unglued.

Now, these are the kinds of things, that we understand, are said privately among major figures in the financial community. But it's a rare occasion, that these disagreements come out in such direct and blunt terms.

So, in a very real respect, the issue of a new global monetary system is on the table, right now—and we have some very important events coming up, very fast: The day before the Presidents' Day conference, on Feb. 18, Lyn will be meeting with a group of predominantly Americans—elected officials, labor leaders, other strategic policy makers; there'll be a smattering of international guests, but it'll be largely American policy-shapers, for a sit-down discussion, to discuss what we're going to do, to deal with this global strategic crisis, a crisis that's now out of the bag, and is being openly discussed in international financial forums like this weekend's G-7 meeting.

And then, of course, the next day, is the opening of our Presidents' Day conference in both Reston and in Los Angeles. And those two events, a small, closed-door discussion among perhaps 50, or 60, or 70 or so people, and then the East and West Coast conferences where one would expect over 1,000 people combined to be attending—including hopefully, a *very, very large* contingent of young people: This is going to be a truly historic weekend.

What Lyn said this morning, is that the agenda item for that series of meetings is moving towards implementation of this New Bretton Woods program. Now, what that means, is that the Bush Administration *has got to be politically brought*

*down.* It's obvious that the Bush Administration is not going to take the needed measures, that Lyn has so clearly spelled out. And therefore, now is the moment to seize the immediate opportunity which this Social Security fight presents to bring down and destroy the Bush Presidency.

There are already significant ruptures in the Jacobin coalition running out of the White House and strangling the Republicans in the Congress. We saw it this week, with a number of Republicans outright rejecting Bush's Social Security privatization call, after his State of the Union Address. It was also reflected on Thursday, in hearings in the Senate in the Armed Forces Committee, where a number of Republicans strongly challenged Wolfowitz and the Chairman of the Joint Chiefs of Staff General Myers on various aspects of the Iraq occupation; joining with the Democrats, to say that the administration is continuing to fail to meet its obligations, is continuing to lie, even to the Congress, and something's got to be done about it.

So, we're at an inflection point, where if we deliver a crushing defeat to Bush on Social Security—and I don't care if it takes the form of a vote and a bipartisan defeat of privatization; I don't care if it takes the form of Bush being forced to admit he can't get it through his own Republican majority in Congress and dropping it. *Either way*, Bush at that moment, Cheney at that moment, become instant lame ducks, and you have the ability to govern this country in the interim period, through a bipartisan coalition in the Congress, around the revival of the FDR principles, the LaRouche principles.

And whether or not Bush and Cheney go down through impeachment, or they just simply spend time drooling in their rubber rooms at the White House, letting Congress, unimpeded, go about the business of governing—one way or the other, *we've got to create the conditions, where we are clearly and visibly running the show in the United States—this year.* Really, over the immediate months ahead. That's the importance of the Social Security fight. Make no bones about it. And, if we do our job right on this, we will bring down Schwarzenegger, *hard*, in California. And we will put George Shultz on the equivalent of the Nuremberg Trial, that unfortunately acquitted his antecedent Hjalmar Schacht.

### **- A Domestic Marshall Plan -**

Once we've done that, we have the ability to move ahead with a legislative mandate, and Lyn's idea is very simple: We're going to create the conditions for a *global and national debt reorganization*, bankruptcy reorganization. What Lyn said this morning, is, we're going to freeze the short-term debt demands inside the United States, and focus instead on issuance of long-term, cheap credits, oriented towards the launching of massive infrastructure projects, a domestic Marshall Plan to parallel the international Marshall Plan approach to implementing the Eurasian Land-Bridge with its spurs all over the globe.

He said, we'll cover the short-term chaos of putting short-term debts in freeze, by expanding the long-term assets which will flood enough capital into the system for real economic growth, and to turn over those necessary short-term debts that are legitimate and have to be covered. Lyn said, globally, only a U.S.-led, FDR solution, to the global economic crisis will work. And in fact, the Social Security funds, which are in the form of 3% interest-rate, long-term, 30-year-plus, special Treasury bonds are among the safest investments around.

So, these are the issues that are going to be taken up at the conference. A domestic Marshall Plan: We're going to go back to a John F. Kennedy-type investment tax-credit incentive system; we'll increase taxes to cover the costs of a massive infrastructure recovery program, but we'll offset the tax increases by preferential tax breaks who either invest their personal savings, or their business plans in projects that increase the infrastructure development of the country.

And we're going to do this quick, in the form of emergency measures. These emergency measures are going to be the basis for discussion at the VIP meeting on Feb. 18, and at the conference as a whole starting the next afternoon.

Now, what Lyn said, is, we're going to find some allies in this fight, because the institutional issue of what the United States actually represents in the world, is something that runs deep, particularly when someone like Lyn is on the scene to actually make these ideas self-conscious to people who often carry them in a much more intuitive fashion. Lyn also said today, that there are people inside the financial community, itself, who do not subscribe to the Schachtian agenda of people like George Shultz, and will see the wisdom, even from their own survival interests, of what Lyn is proposing as an alternative.

So, here we are, less than a month (really about three weeks, slightly more), since Lyn delivered his keynote message in Berlin, launching a global dialogue around the need for a revival of an FDR-style, global Marshall Plan, and we've moved several significant steps forward to achieving that same critical mission inside the United States. I was very struck by the fact that the European media, almost without exception, yesterday, was picking up on the level of combativity coming out of the Democratic Party and certain Republicans in the U.S., against Bush; against Bush on his global doctrine of preventive nuclear war, and particularly against Bush on the idea of a Schachtian fascist scheme to loot Social Security at home.

So, the message that we brought to a group of leading citizens in Europe and Eurasia, where we met with a lot of resistance—back just three weeks ago—cut through that resistance at the conference, no doubt about it. But now, that message by Lyn is radiating in the European media itself, because of events going on, on the ground in the United States, that have burst through the veil of media blackout, and are too big to cover up.

So, we are—to conclude—truly in a moment of revolutionary discontinuity, in which what we do over the immediate days and weeks ahead, will determine history for generations to come. We're at a crossroads, where either we win decisively, or we are on the verge of a planetary-wide dark age that will take us three or four generations to crawl out from under the consequences of.

So, on that note, why don't we break into discussion, questions.

## InDepth Coverage

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## Feature:

### [Dialogue at Berlin Seminar: Toward a Eurasian 'New Deal'](#)

[by the Editors](#)

Future generations, if a New Dark Age is averted, will surely look back on the Jan. 12-13, 2005 Berlin symposium as an historic turning point, when leading circles from Eurasia, Africa, and the Americas came together around a revolutionary perspective for lifting humanity from the depths of poverty and an onrushing new fascism. What American statesman and EIR founder Lyndon LaRouche presented, in his Jan. 12 keynote address, as a New Westphalia system of sovereign nation-states, taking up the challenge of a global economic revolution, to manage the world's strategic raw materials in the interest of mankind, not the interests of private oligarchical cartels, formed the basis for two days of non-stop Socratic dialogue, among an impressive array of leading individuals from dozens of nations.

- **Dr. Su Jingxiang: Dollar Fall Originates In U.S. Extravagance**

Dr. Su Jingxiang, associate professor, is vice director of the Center for Globalization Studies, China Institutes of Contemporary International Relations. He gave this presentation to the Berlin seminar on Jan. 12.

- **Maj. Gen. Vinod Saighal (ret.): 'The Globe Is Facing A Discontinuity'**

Maj. Gen. Vinod Saighal (ret.) of India was, among his other responsibilities, the head of the UN peacekeeping forces in Gaza for eight years. He gave this presentation to the Berlin seminar on Jan. 12. Subheads have been added. In a future issue, we will publish a longer contribution, in which he develops his views in more depth.

- **Dialogue**

Here are excerpts from the discussion that followed the morning panel on Jan. 12. The moderator was Michael Liebig.

- **Dr. Clifford A. Kiracofe, Jr.: The U.S.A. Confronts A Multipolar World**

Dr. Kiracofe, a former senior professional staff member of the U.S. Senate Committee on Foreign Relations, teaches at Virginia Military Institute, kiracofeca@vmi.edu. He prelongsented this paper to the Berlin seminar on Jan. 12.

- **Prof. Stanislav Menshikov: Future Prospects for U.S.-Eurasia Relations**

Professor Menshikov, doctor of economic sciences, is affiliated with the Central Mathematical Economics Institute of the Russian Academy of Sciences and is co-chair of Economists Allied Against the Arms Race. He is the author of major works on the world economy and the Russian economy. He was introduced by Jonathan Tennenbaum, who opened the panel on Jan. 13 with reference to Johannes Kepler's revolutionary thinking about astronomy.

- **Dialogue**

Here is some of the discussion that followed the concluding seminar panel, on Jan. 13.

## Economics:

### **Behind Privatization Door Lurks A Killer: 'Tax Simplification'**

**by Richard Freeman**

President George W. Bush and radical Republicans in the House and Senate are planning to roll out a 'total overhaul' of the U.S. tax code, and perhaps use the 'Social Security debate' to ram it through Congress. According to those involved, the reforms are designed to massively reduce taxes on the upper 20% of America's families by income—especially the super-wealthy upper 5%—while steeply increasing the tax burden on the lower 80% of families. But they would also cause sharp drops in government revenues, forcing deep cuts in vital Federal social and infrastructure programs.

### **Schwarzenegger Gears Up To Impose Fascist Populism on Californians**

**by Harley Schlanger**

The boeing in response to President Bush's lies about Social Security during his State of the Union address, combined with the sharp grilling of Condoleezza Rice by Senate Democrats during her confirmation hearing, demonstrate that blatant dishonesty to promote disastrous Bush Administration policies will no longer receive a free pass in the U.S. Congress. This growing feistiness of Democrats in Washington, in defense of Constitutional principles, raises a compelling question for Democrats in California: How much longer can Gov. Arnold Schwarzenegger expect a free ride, as he continues to use lies and bully-boy tactics to push through the fascist agenda given him by his controller, George Shultz?

### **States Line Up on Medicaid Fight Against Bush Intent To Kill Off Poor**

**by Linda Everett**

Bush's Fiscal Year 2006 budget is expected to reduce Federal spending on Medicaid, and may proffer Federal block grants to states, as a ruse for imposing severe cuts. The Administration knows these actions will make millions of people sick—or dead. That is their intent. Now the political battle lines are forming, on a bipartisan basis, over exactly this point: Who will go along with harming and killing people? Who will seek a way to save lives?

### **Indonesia: Develop Infrastructure or Lose National Sovereignty**

### **by Mike Billington**

Indonesia, the world's fourth largest nation by population, is at a crossroads, brought about not only by the incredible destruction of the far western province of Aceh by the earthquake and tsunami of Dec. 26, 2004. Even before that disaster, Indonesia's recently elected government of President Susilo Bambang Yudhoyono (known as SBY) had convened an 'Indonesian Infrastructure Summit' for Jan. 17-18, bringing together government and business leaders from around the world to address the conjunctural crisis facing the Indonesian economy.

### **Pinochet's Chile Model Still 'Screwing Mexico'**

#### **by Rube'n Cota Meza**

Six years after having launched the private pension system in Mexico, the foreign bankers who dominate the Mexican banking system have finally succeeded in getting their hands on a big chunk of the total savings of Mexico's more than 32 million workers—...to be placed as bets on the international roulette wheel of speculation, exactly as they had wanted ever since Pinochet's so-called 'Chile model' of private pensions was first installed in Mexico.

### **Report From Germany**

#### **by Rainer Apel**

Monetarists Demand Even Deeper Cuts

The Berlin government is being pressured by financiers to move past Hartz IV to a still more brutal Hartz V.

## **International:**

### **Strategic Analysis: Bush's Middle East Policy Paradox**

#### **by Jeffrey Steinberg**

Anyon-crazy person attempting to assess the Bush Administration's current policy towards Southwest Asia, quickly concludes that it is time to reach for the Excedrin headache pill....

Experienced Middle East hands in the Pentagon and State Department are horrified at the Keystone Cop 'regime change' schemes being activated by Washington and Israel. Vincent Cannistraro, former head of the CIA's Counter-Terrorism Center, told UPI's Sale, 'It's very, very, very dangerous.' A retired senior Naval Intelligence official warned that Israeli and American special operations officers, backing the MEK, stand zero chance of effecting a positive shift in Iran, and such operations open the prospect of a major regional explosion.

### **Iraq's Election: Was It Fish, or Fowl?**

#### **by Hussein Askary**

...*The Reality*... Looking from outside the fishbowl, many Iraqis realize that these elections were held under circumstances that mean they have no legitimacy. The scenes of optimism and enthusiasm broadcast on the day of election around the world were an act of desperation by a great number of Iraqis, who want to be relieved from the current nightmare by any means.

### **Separatism Unleashed Against Bolivia and Its Neighbors**

#### **by Gretchen Small**

EIR warned on July 9, 2004 that the nest of Cheneyac neoconservatives at the American Enterprise Institute (AEI) in Washington, D.C. had set out to shatter Bolivia, in order to foment anarchy, war, and chaos throughout all of South America. How better to reduce the population of the region, eliminate the nation-states through which peoples could defend their interests, and then grab their resources?

### **Ukraine: A Postmodernist Revolution**

#### **By Konstantin Chermnykh, a physician in St. Petersburg, Russia, and a close observer of Russian and Ukrainian politics.**

**Introduction 1:** On Crafts In human civilization, crafts have traditionally existed to bring about progress. Blacksmiths, farmers, musicians, and space pilots, in different ways, express man's power over the universe. Within a nation, a talented craftsman reflects the traditions of that people, contributing to the nation's glory, as well as to the world's treasury of science, technological development, and culture...

## **Project Democracy Targets CIS for More Regime Change**

**by Elisabeth Hellenbroich and Mary Burdman**

Warnings sounded by Russian representatives at EIR's Berlin seminar of Jan. 12-13, about a new wave of destabilizations in Russia and other Commonwealth of Independent States (CIS) nations, were echoed on Jan. 25 by CIS Executive Committee Chairman Vladimir Rushailo in Dushanbe, Tajikistan. He said that a 'Georgia' (December 2003) or 'Ukraine' (December 2004) scenario of regime change may unfold in any CIS member country, 'and it may happen in non-member countries, too, as we have seen many times.'

## **National:**

### **Social Security: Dems Defend FDR Legacy From Bush, Wall St.**

**by Paul Gallagher**

When George W. Bush, in his Feb. 2 State of the Union, made explicit his threat to bankrupt the Social Security system, the Democratic Party—led by its members of Congress—was extraordinarily united in a national fight to defend this legacy of President Franklin Roosevelt from privatization and looting. Democrats had called on a prominent grandson of FDR to denounce the Bush attack; their Senate leader, Harry Reid of Nevada, answered Bush on the evening of Feb. 2 with a proposed 'Marshall Plan to rebuild America's economic infrastructure'; Reid and New York Senator Charles Schumer went to the FDR Memorial the next morning to reject Bush's scheme; and the Congressmen reached out to form a national coalition to mobilize the party's constituencies to save Social Security from Bush and Wall Street, as Sen. Ron Wyden of Oregon put it.

### **Pres. Clinton Tells Some Useful Truths**

Former President Bill Clinton was interviewed by U.S. journalist Charlie Rose during this year's World Economic Forum held in Davos, Switzerland, Jan. 26-30. EIR transcribed these excerpts from a taped version of the interview on the Davos website. His remarks provide an insight not only into the history recounted, but into the former President's developing thinking. The 'Charlie Rose' show airs on Public Television.

### **A Conversation With Rabbi Arthur Hertzberg**

#### **"Bush Is Lying . . . On Democracy, Social Security"**

Rabbi Arthur Hertzberg is well known as a historian of Judaism and of American Jewry, a feisty intellectual, and a voice of influence in the fight for justice in the United States and Israel. Now retired, he is Bronfman Visiting Professor of Humanities at New York University.

### **Intense Senate Fight Weakens Gonzales**

**by Edward Spannaus**

After three days of Senate floor debate on the nomination of Alberto Gonzales for U.S. Attorney General, 35 Democrats and one Independent (Jim Jeffords of Vermont) voted against the confirmation of Gonzales—far more than anyone would have imagined when Bush first offered the nomination. Only two Attorney General nominees in U.S. history have received more opposing votes.

## **U.S. Economic/Financial News**

### **Robert Rubin Warns of Further Dollar Decline**

Speaking at a meeting of bankers scheduled in tandem with the G-7 finance ministers' meeting in London, former U.S. Treasury Secretary Robert Rubin warned that the U.S. was facing a "critical juncture," with further decline in the dollar because of the U.S.'s huge trade and budget deficits. Rubin was speaking at the "Advancing Enterprise 2005" conference on Feb. 4, where Federal Reserve Chairman Alan Greenspan had also spoken.

"The U.S. imbalances can have bond market effects and raise complex questions about our currency," Rubin told the conference, which included many central bankers. "There is a fairly good chance the dollar could decline." Rubin called on President Bush to reduce the budget deficit, cautioning, it "will not be fixed by tinkering around the edges." "The U.S. is at a critical juncture," he said.

## **U.S. Senators Score USDA/Bush Policy on Cattle Imports**

Incoming Agriculture Secretary Mike Johanns faced rough questioning Feb. 3, during hearings on the topic of BSE (Bovine Spongiform Encephalopathy), or "Mad Cow disease," and its impact on trade.

At issue, was the Dec. 29, 2004 ruling by the U.S. Department of Agriculture on trading with "minimal risk" BSE nations, which stated that Canada is so designated, so that on March 7, the ban on Canadian imports will be lifted. At that point the U.S. will allow the import of: 1) live cattle (under 30 months old, figuring that they are too young to have eaten contaminated feed, or to have built up much prion); and 2) Canadian beef (processed, called "boxed beef"), from animals of any age.

The commodities cartel companies—Tysons, Excel/Cargill et al.— have been demanding that the border be re-opened, to serve their cross-border, free-trade beef operations, in cattle feed, meat processing, and slaughtering by-products. The global meat processors have, in any case, been repositioning out of the USA, into Canada, where they pay less for cattle and labor, as part of their sweeping relocation to even cheaper operations in Brazil, now the world's leading meat exporter.

Johanns toed the line 100% for the cartel interests, saying, for example, "The marketplace should determine cross border patterns." (He said, "risk management" analysis shows that BSE risk is very low.)

When Johanns' chief economist referred to the expected impact on U.S. farming as, "moderately" a problem, Sen. Mark Dayton (D-Minn) attacked: "Your economics is out of Mad Magazine." Dayton pointed out that a Canadian cow sells for less than a third of a U.S. cow. Tysons and Excel (Cargill) are both building multi-thousand head abattoirs in Canada right now. U.S. meatpacking facilities, won't be in a position to buy the over-30-month-old (OTM) cattle that the USDA will not allow to enter the U.S. from Canada, but these same animals will be going to slaughter inside Canada, dirt cheap to Tysons and Excel, then the beef will be sent to the U.S.

Dayton yelled, "You called that a 'moderate' impact?" You're in suits. You have a guaranteed salary, and you sit here and say that. It's ignorant and offensive to cattlemen and to the American people."

Dayton said of the U.S. policy in conclusion, "It's crazy, wrong, and destructive." You are "one-sidedly rewarding Canadian operations at the expense of Americans." Trade policies should be made in the interest of all concerned. "Why are you doing this for them [Tysons, Cargill]?"

The Minority Leader of the Committee, Tom Harkin (D-Iowa), has called for a delay of the March 7 border re-opening, pending review of many issues—one of which is the matter of reliability of taint-free cattle feed. At the same time, a new bill was filed Feb. 3, cosponsored by Sens. Craig Thomas (R-Wy), Conrad Burns (R-Mt) and John Thune (R-SD), designed to change the USDA March 7 re-opening terms.

## **Bush Proposals Will Shut Down Amtrak, Economy**

In a letter sent Feb. 4 to President George W. Bush, the two Senators from New Jersey blasted the Bush proposal to eliminate all Federal funding for Amtrak's operating expenses for 2006, warning of disastrous effects on the economy. "Without an adequate Federal funding commitment for the next fiscal year, Amtrak will again be brought to the brink of bankruptcy as it was in 2002," they wrote. "This will have disastrous effects for New Jersey commuters, who rely heavily on Amtrak."

Sen. Jon Corzine (D) pledged to stop the Administration's ongoing attempt to shut down the nation's passenger railroad. "The Bush Administration has been intent on crippling Amtrak since the President was sworn to his first term four years ago," he charged. "What the administration fails to understand is how important Amtrak is to New Jersey and the Northeast corridor, from Washington, D.C. to Boston. Amtrak doesn't just move people from city to city. It helps move our economy. We have stopped this ill-guided attempt to shut down Amtrak before—and we will again."

### **Former NYSE Head Richard Grasso Scandalized Again**

The week of Feb. 3 saw the release of the Webb report, which explored the circumstances under which former New York Stock Exchange head Richard Grasso was massively overpaid. *New York Post* financial columnist John Crudele, in his Feb. 3 column, noted that the report contained a number of legal issues that the NYSE might wish to consider in regards to Grasso.

The report shows that Grasso was paid the large compensation for increased trading volume and how well the NYSE regulated itself. On this point Crudele goes through some of the trading scandals that occurred on Grasso's watch, such as the late '90s' illegal trades being made by members of the NYSE. When questioned on the trades, the brokers said that the practice was condoned by Grasso.

None of the scandals, however, reach the level of seriousness of the issue raised by the famous "Grasso Abrazo," the embrace of banker Grasso with the financial chief of Colombia's drug-trafficking FARC, in the jungle in June 1999.

### **Federal Pension Corp. Takes Over All U.S. Airways Pensions**

On Feb. 3, the Pension Benefit Guaranty Corporation made official its assumption of the remaining pensions of bankrupt U.S. Airways' employees: 51,000 flight attendants, machinists, and other employees. The PBGC had assumed payments of the airline's pilots' pensions in March 2003.

The plans were only 40% funded on a termination basis, with assets of \$1.7 billion to cover \$4.2 billion in liabilities. The PBGC will cover \$2.3 billion of this \$2.5 billion shortfall. The PBGC's action was no surprise, since the bankruptcy judge made a finding on Jan. 6 that without dumping its pensions, U.S. Airways could not emerge from bankruptcy. This appears to be a clear precedent for also bankrupt United Airlines, which has asked the court for the same relief.

On Jan. 31, U.S. Airways announced a \$578 million loss in 2004, up from a \$174 million loss in 2003, despite cost cuts which reached 14% in the 4th Quarter of 2004. On Jan. 27, bankrupt United Airlines announced a net loss of \$1.6 billion for 2004, down from a loss of \$2.8 billion in 2003, although United's 4th Quarter loss was almost four times greater than the previous year.

The PBGC's takeover of all U.S. Airways' pensions will cost \$3 billion—the second-largest claim, after Bethlehem Steel's \$3.7 billion, in the PBGC's 30-year history. PBGC head Bradley Belt used the occasion to urge Congress to promptly pass the Bush Administration's dead-on-arrival plan for distressed companies to ante up a 58% increase in premiums, plus risk premiums, to the PBGC.

### **Giant Mergers Create New Global Cartels**

Three major mergers were announced at the end of January, two of which create the largest corporations in their field.

\* Procter & Gamble announced Jan. 28, that it would buy Gillette for \$57 billion, pushing P&G past Anglo-Dutch Unilever as the world's largest consumer-products company. The largest shareholder in Gillette is Warren Buffett's Berkshire Hathaway.

\* SBC Communications, the Baby Bell formerly known as Southwestern Bell, announced Jan. 31 that it is acquiring its former parent, AT&T, for \$16 billion. In 1984, the U.S. Department of Justice broke up AT&T, creating seven "Baby Bells" out of its regional Bell Operating Companies. Today, there are four left: SBC, which ate Ameritech and Pacific Telesis; Verizon, the former Bell Atlantic which took over Nynex (and GTE); Qwest, which includes the former US West; and Bell South.

\* Citigroup announced Jan. 31 that it has agreed to sell its Travelers Life & Annuity unit to Metropolitan Life for \$12 billion. Seven years ago, Travelers bought Citicorp with the idea that the synergy between a giant insurance company and a giant bank would generate huge profits. Or, so it was claimed. What the merger really was, was a broadside against the 1934 Glass-Steagall Act and the last regulatory barriers to banking consolidation. All of the press commentary suggests that the banking side of Citigroup has been so successful that it no longer needs the insurance side. *EIR* suspects that the opposite is true: that the *fondi* interests behind Sandy Weill's Travelers, having accomplished their goal, are now pulling their insurance assets out of what has become one of the largest toxic waste dumps in the world. When Citi blows, they plan to be far away.

## World Economic News

### British Present 'Third Way' Debt Reorganization

British Chancellor of the Exchequer Gordon Brown promoted the British plan for a "Marshall Plan" for Africa, in a discussion with the *London Guardian* Feb. 2. The plan was presented at the G-7 Finance meeting in London Feb. 4-5.

The "Marshall Plan" consists of more globalization, free trade, some debt relief, some more aid, and arrangements for the developed nations to pay off the IMF and World Bank. Britain, and the rest of the G-7 nations, all insist on "liberalization" and privatization by developing nations' governments as a prerequisite for aid, as a matter of policy.

Brown and Prime Minister Tony Blair are using the Bush Administration's fears about global security to push their plan to Washington, which has many objections to it. The "diplomatic" thrust of their plan is to persuade the Bush crowd that poverty in Africa is hampering the "fight against terror." World Bank head James Wolfensohn is also backing the British plan for Africa.

Gordon Brown told the *Guardian*: "We will be trying to persuade America that debt relief and extra finance for development is in its interests, not just because it is good economics and social policy, but good for its security as well. If the U.S. wants to separate the extremists from those that they are trying to influence, it makes good sense to show how industrial nations can implement a Marshall Plan for developing countries. U.S. interests point to the wisdom of the international finance facility and debt relief that will show that rich countries believe that globalization should be about social justice on a global scale."

Brown is promoting an "international finance facility" (IFF), reportedly with the backing of Germany, France, and Italy. This operation would double annual aid flows to a pathetic \$100 billion—by selling bonds on the world's capital markets!

## United States News Digest

## **Republicans Tighten Control of House Ethics Committee**

House Speaker Dennis Hastert (R-Ill) carried through with his plan to take tighter control of the House Ethics Committee on Feb. 2, by replacing Committee chairman Joel Hefley (R-Colo) with party loyalist Doc Hastings (R-Wash), making it unlikely that House Majority leader Tom DeLay (R-Texas) will be threatened by any more ethics investigations, no matter how many complaints are filed. The House Republican leadership also appointed two members to the Committee who are large donors to the DeLay legal expense trust: Lamar Smith (R-Texas), who contributed \$10,000 and Tom Cole (R-Okla), who gave \$5,000.

In an interview, Hefley said that, "people were put on the committee that would protect our side of the aisle better than I did.... Nobody should be there to protect anybody; they should be there to protect the integrity of the institution."

House Minority Leader Nancy Pelosi (D-Calif) said, "the removal of Hefley sent a chilling message to the members who value upholding the highest ethical standard over party loyalty."

## **Marine General Has 'Boykin Moment'**

Marine Lt. Gen. James Mattis, who commanded the 1st Marine Division in Iraq, told a conference in San Diego, that, "it is fun to shoot some people." He stated, "It's a hell of a hoot. I like brawling." Marine Corps Commandant Gen. Michael Hagee mildly rebuked Mattis, who is now commander of the Marine Corps Combat Development Command, saying that he should choose his words "more carefully."

Meanwhile, for the first time in nearly a decade, the Marine Corps in January missed its monthly recruiting goal, by 84 people, or 3% of the total recruits they had sought.

The struggles of the Army, Army Reserve, and Army National Guard to recruit and retain soldiers have received national attention in recent months. But the failure of the Marines, who historically have had the luxury of turning away willing recruits, is a potential problem for the service.

## **California Nurses Launch Anti-Schwarzenegger Ads**

The 60,000-strong California Nurses Association is running a one-minute spot targetting Gov. Arnold Schwarzenegger, the self-proclaimed "man of the people," as just another tool of monied interests. The spot opens with the Governor's denunciation of the state's nurses as just another "special interest," who are mad at him because, "I kick their butt."

The online publications sfgate.com described the TV spot on Feb. 2: "The ad then kicks some butt of its own, as veteran nurses respond both to Schwarzenegger's comments, and to his plan to freeze nurse-patient staffing levels."

Nurses union leader Rose Ann DeMoro said the ad "goes to the heart of the matter, which is that the Governor is trying to turn the state capital into a fraternity for corporate interests." DeMoro said the nurses decided to go national with the ad, because Arnold is going national with his efforts to raise more money for his "reform" initiatives.

## **Pentagon Assuming Increasing Powers**

Amid the 800 pages of the defense authorization bill passed by Congress last October, is a single paragraph that gives the

Pentagon significant powers in the area of covert warfare. The clause would authorize the Special Operations forces to directly hire and pay foreign informants and paramilitaries, something previously reserved only for the CIA. The Pentagon has been very cagey about its new-found authority, having failed to publicly mention it, even when the subject offered itself at military briefings. An annual budget of \$25 million was authorized, and, although Pentagon officials have said that they have not used this authority as yet, they also say they are likely to, soon.

Reached for comment, a military source affirmed that the Pentagon is indeed assuming greater control. They have reverted to the "Vietnam mode," he said, in which it is not deemed necessary to inform Congress of every operation, however potentially volatile it might be, the presumed authority being already given with Congress's original granting of war powers to the President. The source said that, because Congress caved in to Bush on the October 2002 War Powers vote, the White House and Pentagon calculate that no one will challenge Bush's and Rumsfeld's assertion that we are "at war."

## **Federal Judge Says Gitmo Detainees Have Rights**

In ruling on the government's motion to dismiss petitions for *habeas corpus*, brought by more than 50 detainees at Guantanamo, a Federal judge in Washington ruled on Jan. 31 that the detainees have Constitutional rights which the Federal courts can enforce—just as the U.S. Supreme Court had said last June, a ruling with which the Bush Administration has refused to comply.

Judge Joyce Hens Green, who was assigned to coordinate the various *habeas* cases after the Supreme Court decision, said that the procedures created by the Defense Department last year, in an effort to get around the Supreme Court ruling, violate the prisoners' rights to due process of law under the U.S. Constitution. Even though the prisoners are not U.S. citizens, the U.S. Constitution applies because they are being held by the U.S., on territory under U.S. control.

Judge Green also said that some of the prisoners have rights under the Third Geneva Convention, to have a properly constituted tribunal determine whether or not they qualify for prisoner-of-war status. Such procedures exist under U.S. military laws and regulations. She said that the President cannot make such a determination by himself—as President Bush attempted to do (on the advice of counsel Alberto Gonzales) when he declared in February 2002 that Taliban fighters did not qualify for protection of the Geneva Conventions.

Another judge in the same court, Bush-appointee Richard Leon, made an opposite ruling on Jan. 19, ruling that prisoners cannot challenge their detention; the conflict between the two rulings will have to be resolved by the D.C. Circuit Court of Appeals.

In the declassified version of Judge Green's opinion, some interesting facts were revealed. Not all those at Guantanamo were picked up in Afghanistan or Pakistan; the ruling says that numerous detainees "were captured hundreds or thousands of miles from a battle zone," and she notes that some of the petitioners "were taken into custody as far away from Afghanistan as Gambia, Zambia, Bosnia, and Thailand." The judge also noted that "many of these individuals may never have been close to an actual battlefield, and may never have raised conventional arms against the United States or its allies," but nonetheless, the Defense Department has deemed them "enemy combatants" who can be detained indefinitely.

Judge Green's ruling also makes it clear that a number of the detainees assert that they made confessions only under torture, and that the torture occurred at Guantanamo as well as in foreign countries.

## **Letter Demands Increase in Size of Army, Marines**

In a development that could have multiple motives and meanings, a "bipartisan group" of neo-con friendlies has co-signed

a letter sent to Congressional leaders, Republicans Sen. Bill Frist and Rep. Dennis Hastert, and Democrats Sen. Harry Reid and Rep. Nancy Pelosi. Among the 30-odd signers were Daniel Blumenthal, Max Boot, Eliot Cohen, Frank J. Gaffney, Jr., William Kristol, and Gen. Barry R. McCaffrey (U.S. Army, ret.); the letter was posted on the website of the neo-con *Weekly Standard*, for which Kristol and Boot work.

The thrust of the letter is that the U.S. military is overworked and understaffed, and this should be remedied. Although the intent of the signers is questionable, much of what they write is accurate. The letter, carefully worded so as to not indicate a threat of action in any particular direction, requests an increase in the Army and the Marines of "at least 25,000 troops each year, over the next several years." It asserts that U.S. commitment in the Middle East is likely to be "generational," and that "the current administration has been reluctant to face this reality," concluding that, "in sum, we can afford the military that we need."

### **Halliburton on the Defensive**

Halliburton CEO David Lesar announced, during a Jan. 28 conference call with investment bankers and others, that the company would be ending its operations in Iran when its current contracts expire. (Halliburton does business through a foreign-owned subsidiary, which is legal.)

While part of that decision may reflect a warning from Vice President and former Halliburton CEO Dick Cheney to get out before the bombing starts, it may also reflect worries about a growing level of scrutiny. Already a convicted felon from its dealings with Libya in the late 1980s, the company has been accused of doing business with nations that export terrorism, fuel-price gouging, providing substandard food and housing for troops in Iraq, and being unable to account for more than one-third of the government property the Coalition Provisional Authority paid it to manage. Lesar also said he would recommend to the board that Halliburton separate itself from its KBR subsidiary, the source of many of the problems. Selling a company to launder its problems is a classic technique to defuse cases where companies get caught red-handed in skulduggery, and the sales are often to companies within the same network.

### **Bush Having Trouble Finding National Intelligence Director**

Six weeks after passage of an intelligence reform bill creating a new Director of National Intelligence (DNI), the Bush Administration has yet to find a person to fill the position. According to a Jan. 31 report in the *Washington Post*, some within the intelligence community attribute at least part of the difficulty of finding a new DNI to the uncertainty over what actual power and authority the post will have. The Department of Defense's constant pushing to take over more of the intelligence community's role is a "big problem," said a former intelligence official. "Rumsfeld appears to be taking advantage of a temporary vacuum," said Sen. Jay Rockefeller (D-WV). Another former intelligence official said "the Pentagon is off the ranch."

### **Rice Takes Hard Line on Iran**

In her maiden appearance Jan. 30 as Secretary of State, on ABC's "This Week," hosted by George Stephanopolous, Condoleezza Rice took an icily hard line on Iran, to the point of refusing even to dissociate the U.S. from a potential Israeli strike against the Iranian nuclear reactor. When asked if the U.S. will try to dissuade Israel from striking Iran, she said she would not speculate on such a matter. She repeatedly referenced the fact that even development of commercial nuclear energy by Iran posed a danger, and could disrupt "stability" in the region. When Stephanopolous tried to provoke a response by suggesting that the Israelis would come to Washington, and propose taking out the Iranian program, Rice didn't bat an eye, and responded by again attacking the Iranian nuclear program.

# Ibero-American News Digest

## Noose Tightening on Shultz's Chilean Dictator Pinochet

"Pinochet was the head of the DINA," charged retired Gen. Manuel Contreras, former head of Chile's secret police agency, the DINA. Contreras, who was carted off to prison on Jan. 28 to begin serving a 12-year term, appeared determined to take Augusto Pinochet with him. He told the state news agency TVN, "There's a lot of talk about the leadership of DINA, but its leadership was the President of the Republic"—namely, Pinochet—"according to Decree 521, dated June 14, 1974 and not the majors and captains who are being convicted [of human rights violations]. I carried out my mission according to the orders that [Pinochet] gave me." Calling Pinochet a traitor, Contreras said that the former dictator should have long ago gone before the courts and stated, "I take responsibility for everything that happened in Chile." Instead, he is violating the code of honor which exists for all military officers.

Chile's DINA, now disbanded, was the central agency involved in coordinating the hunter-killer squads known as Operation Condor in the 1970s and '80s in six Ibero-American nations.

Contreras's sudden eagerness to go after Pinochet does not signal repentance on his own part, however. Continuing to assert that all he ever did as head of the DINA was hunt down communists and terrorists, he charged that the judge now handling his case, Judge Alejandro Solis, is acting out of "vengeance," because he belongs to those "whom we defeated years ago as terrorists."

Contreras received his 12-year sentence for the 1975 kidnapping and disappearance of a member of the leftist MIR, the first time in Chile that anyone has been convicted on "disappearance" charges. Three other former DINA agents were also convicted and sentenced to similar prison terms. Contreras had previously served a seven-year term for his role in the 1976 assassination in Washington, D.C. of former Chilean Foreign Minister Orlando Letelier.

## Costs Continue To Soar on Chile's Privatized Pension System

The cost of Chile's privatized pension system to the taxpayer continues to rise, a Chilean government official who has documented the failure of the looting scheme imposed by the Pinochet dictatorship in 1981, reported to *EIR* in a discussion at the end of January. Nor, the official added, is there any hope of the costs going down any time in the future. The system was designed for a person who would have stable employment for 40 years and earn a decent wage. But aside from the flawed philosophy behind the system—"everything has become individualized ... there is no solidarity"—those conditions don't exist in Chile, she said. Poverty is growing, and workers have no job stability.

The primary motivating factor behind Chile's privatization was "the expropriation of capital ... it was theft," she emphasized. Even a year ago, few would say publicly that the private system was a failure. Today, everyone is saying it.

This official explained that given the poverty in Chile today, the role of the state in covering those people left out of the private system continues to grow. The Institute for Pension Normalization (INP) was supposed to manage 22 small state pension plans which existed in 1981, with the idea of gradually phasing them out as people retired. Instead, INP is increasingly playing a greater role, such as managing subsistence pensions for the indigent. There are only 400,000 of these available and they are for people who live in extreme poverty. Any possession—a TV, radio, etc.—becomes grounds for disqualification. A subsistence pension is about enough to purchase a kilo (2.2 pounds) of bread daily.

## Colombia and Venezuela Brought Back From Brink of War

As of Feb. 4, the crisis between Colombia and Venezuela over the case of FARC terrorist Rodrigo Granda, a crisis provoked behind the scenes and encouraged publicly by the Bush-Cheney government, continued to subside, after an agreement was reached on a diplomatic settlement. (See "Synarchists Promote Andean-Wide Violence" in last week's Indepth section for background.) Venezuela announced that the distribution of oil on the western border with Colombia would be resumed on Feb. 4.

News of the diplomatic settlement broke on the evening of Jan. 28, when Colombian President Alvaro Uribe issued an official communiqué which declared the crisis between the two countries "has been overcome." The statement announced that Uribe was to travel to Caracas to meet with Venezuelan President Hugo Chavez on Feb. 3, and that if, in a joint examination with Venezuela, the incident surrounding the capture of FARC leader Rodrigo Granda appeared to have been "inappropriate in Venezuela's opinion, it won't be repeated." The statement also reported that the two Presidents would review cooperation against terrorism, drug running, and other common problems, and discuss ending Venezuela's punitive economic sanctions against Colombia.

Uribe said the next day, while visiting the terrorism-riddled border state of Arauca, that he will seek ways the two countries, "together, harmoniously, in accordance with the Constitution and the laws of our countries ... can shut the door on terrorism, kidnapping, and the drug traffic that finances them." He added that he dreamed of a free border, one "full of possibilities, in which there will be no kidnapping on either side of the river that separates [Colombia and Venezuela], and in which we can take advantage of all the possibilities for economic growth in the region."

For his part, Chavez, speaking in Porto Alegre on Jan. 30, Brazil—where he, in his red Che Guevara shirt, was received as a hero by the 15,000-plus attendees at the World Social Forum—thanked the Ibero-American countries of Peru, Brazil, and Cuba, in particular, for intervening. Chavez reported that Fidel Castro had sent his Deputy Foreign Minister to Caracas to meet with him, after Colombian President Uribe had called Castro to request his good offices. Chavez announced that he took Uribe's communiqué as a de facto apology for the incident, but that everything would depend on what the two Presidents work out concretely on Feb. 3.

Sounding an unusual-for-him note of sanity, Chavez said that the Ibero-American countries agreed that we did not want a conflict "which had been a provocation by the U.S. government." Washington was seeking an escalation, because it is seeking an excuse to intervene in Venezuela. "It would love a violent conflict between Colombia and Venezuela.... But we in Latin America have been capable of taking a step towards a solution of the crisis."

The Feb. 3 meeting was postponed at the last minute, when President Uribe was hospitalized for an inner-ear ailment. Doctors ordered him to remain hospitalized for four days. Uribe's Feb. 7-11 trip to Europe was also cancelled.

### **Brazil's Workers' Party Fractures Over Lula Pandering to IMF**

One hundred and twelve founding members of Brazil's ruling Workers' Party (PT) used the occasion of the World Social Forum meeting in Porto Alegre to announce their departure from the party, citing betrayal by Brazilian President Lula da Silva of the party's founding principles, and his decision to make the PT "subordinate to the IMF." Among those departing are well-known economist Plinio de Arruda Sampaio, Jr., Jorge Martins, a member of the executive of the CUT labor federation, and a number of other trade unionists, intellectuals, and economists.

Sampaio was particularly harsh in explaining why he and the others were leaving: "Lula's government has wiped out the hopes of the Brazilian left," he said, and has ceased to fight for serious social change. He warned that he is calling on at least 400 more PTers to leave the party. In a recent interview, Sampaio stated that the party has degenerated so badly, that there is no possibility of turning it around. "There is no Plan B," he said.

After taking power Jan. 1, 2003 and making clear he intended to follow the IMF's policy dictates, Lula da Silva attempted to stifle any dissent within the PT. In December of 2003, one senator and three deputies were expelled from the party for opposing the IMF-dictated austerity "reforms" that Lula had sent to Congress. Lula's increasing insistence that he represents a "responsible" economic policy—in contrast to Argentina's Nestor Kirchner, for example—has caused disgust among many PT members, and there will no doubt be more departures coming soon.

## Western European News Digest

### Senior German Social Dem Welcomes LaRouche Role in U.S.

In a background discussion *EIR* had with a European continental source on the proposal by Lyndon LaRouche for a renewed U.S.-Eurasian alliance based on a New Bretton Woods approach and a "New Deal" for managing the planet's raw materials, the source reacted with enthusiasm.

LaRouche's proposal qualified as a "unique" idea, he said, calling it all the more important coming from a "U.S. statesman," who demonstratively declares: Let's not have raw materials wars and competition or unilateralism; let's have a "trans-Atlantic-Eurasian dialogue."

LaRouche, by bringing the Asian countries and Russia in on the side of Europe, and saying let's have a U.S.-Eurasian dialogue, goes to the essence of the great challenges mankind faces, starting with such issues as water supply, a vital resource. Rather than the "raw materials wars" which are being unleashed right now by Bush's policy in the Mideast—where the Bush Administration is creating chaos and setting the Mediterranean in "flames," the source said, LaRouche's policy of defining among nations a "common denominator," a "common interest," points a way out of the disaster which the Administration is creating.

Were it to come to a war in Iran, the source pointed out, the British this time would not support the U.S., since they have very solid "interests" in Iran—which they are not willing to sacrifice.

While the key change strategically has to come from within the U.S.—where LaRouche's fight against Bush's Social Security plans in a bipartisan way is seen as an absolutely crucial flank—it is also very clear that Europe cannot survive without Russia, and vice versa. China needs Russia's science as much as it needs the high-tech from Europe and the United States. From a global financial standpoint, Franklin Roosevelt's policy for state-credit-backed investment is seen today as the only way to achieve the necessary paradigm shift.

### Germany Unemployment Highest Since 1932

For the first time since February 1932—less than a year before Adolf Hitler came to power, exploiting unemployment—Germany's official unemployment figure has now crossed the 5 million mark. According to the report published by the Federal Labor Agency on Feb. 2, the number of unemployed people in Germany increased by 573,000 during January to 5.037 million, an increase within one month of 12.8%. In western Germany, the January figures rose 14.2%; it was 10.4% in eastern Germany. The category showing the most explosive growth is the number of unemployed people below the age of 25 years. The figure jumped from 500,400 in January 2004, to 635,000 in January 2005, an increase by 26.9%.

German dailies were filled on Feb. 2 with comparisons to the 1930s, and also with references to the obvious fact that these official data, as bad as they are, still don't tell the full story. Before January 2005, the official unemployment in Germany

has only been above the 5 million mark in the period between November 1931 and May 1933, peaking at 6.128 million in February 1932.

Even the German government's council of "economic experts" noted in its latest report that, on top of those people officially recognized as unemployed, are another 1.6 million people suffering from different forms of "hidden unemployment." This includes about 1 million people who were forced to take "early retirement" and several hundred thousand who are going through state-funded job or training programs.

Excluded from these figures is the so-called "quiet reserve" of people who don't have a job, but under current circumstances have given up looking for one and no longer appear in the statistics, even though best estimates suggest the figure would be in the range of 1-2 million. If all of these categories are taken into account, the number of unemployed in Germany is well above 8 million, out of a total population of 82 million.

At the same time, the number of jobs in Germany that include social security protection is shrinking rapidly. Out of 38.9 million jobs at the end of January 2005, only 26.7 million included full social security coverage, 337,000 less than the year before. In contrast, the category of jobs which are expanding are "mini-jobs," or part-time work at low wages and only partial or no social security coverage. The number of people in mini-jobs only—sometimes more than one such job—reached 4.86 million in November 2004. Some may just be looking for a part-time job and nothing else, But according to estimates, at 1-2 million of the mini-jobbers want a full-time job if they can find one. Thus, the number of missing jobs in the German economy is about double the official unemployment figures, and actually comes close to the 10-million mark.

### **Blair Wants To Put 1 Million Disabled Back to Work**

On Feb. 2, British Prime Minister Tony Blair said that reducing the 8-billion-pound annual cost of the incapacity benefit, or disability, is the center of his five-year program to cut welfare payments and allegedly increase the state pension fund. Blair also wants to put another 300,000 single parents back to work.

Some 2.7 million people get disability benefits in Britain. Last May, a report by Sheffield Hallam University said that the benefits disguise an unemployment "time bomb" in Britain—which claims to have the lowest unemployment rate in the Group of Seven, with just 900,000 on the official "job seekers' allowance," for a supposed unemployment rate of 4.6%. Last May's report documented that disability claims have grown from 570,000 in 1981 to a "truly astonishing" 2.1 million in 2003. In the formerly industrial northeast of Britain, more than 6% of the workforce is on disability, contrasted to about 1% in the service-led economy of the southeast. Under Tony Blair's New Labour, Britain has lost 750,000 jobs in industry since 1997.

Work and Pensions Secretary Ian Johnson said the reforms would make the biggest change in benefits for the sick and the disabled since they began in 1945. The reforms are to be fully in effect by 2008. Johnson said that any of the current 2.7 million recipients who do not cooperate with job and medical assessment will be kept on a "holding" allowance at the level of the jobseekers' allowance, much lower than incapacity allowance, which begins at 56 pounds a week and rises to 74 pounds after a year. These benefits are supposedly so generous, Johnson claimed, that they make it a "penalty" to return to work.

Applicants have to be screened by a government doctor, and divided into those considered too severely disabled to work again. Others will go on a "rehabilitation support allowance" while getting work-related "help." The latter add up to at least 1 million, whom the government wants to push back to work, and includes those claiming conditions such as depression or back pain.

However, the BBC quoted Dr. Laurence Buckman, of the British Medical Association, saying he thought that very few of those getting Incapacity Benefit could work. "There are certainly very few people who've gone on the sick roll when they could be earning money," he said. "I would be amazed if it was more than 5-10%."

## **German Banks Sell Off Karstadt Debt to Hedge Funds**

In a move unprecedented in the German corporate system, German creditor banks on Jan. 28 and Jan. 31 sold off their credits in the ailing supermarket chain Karstadt-Quelle in the secondary debt market. In autumn last year, Karstadt-Quelle threatened to cut up to 14,000 jobs in Germany and to shut down many of its supermarkets, due to disastrous sales figures. Then, in November, following extended negotiations with its creditors, the company received 1.75 billion euros in fresh credits, coupled with a restructuring package.

In late January, the same banks suddenly hit the panic button. According to reports, Landesbank Baden-Wuerttemberg (LBBW) started the action by dumping its Karstadt-Quelle debt titles. HypoVereinsbank, WestLandbank, and HeLaBa followed immediately. The banks were selling these papers at 9% below the nominal value. Most of the debt titles were bought up by the U.S. investment bank Goldman Sachs, which, according to a report in the German-language edition of the *Financial Times*, resold it to hedge funds and pension funds abroad. The *FT* quoted an unnamed banker saying that the result of the operation is that next time Karstadt-Quelle is close to insolvency, it will have to negotiate with a large group of international funds. And these funds, in contrast to German banks, could not be forced by political pressure to rescue a firm just because it employs 100,000 people.

## **Germany Contributes to Gulf-Arabian Railway Project**

German government sources have leaked that during Chancellor Gerhard Schroeder's upcoming one-week tour of seven Arabian countries, a German share in the planned 1,980-km rail line connecting all states on the southern shore of the Persian Gulf will be discussed, among other things.

Departing from Berlin on Feb. 27, Schroeder will travel to Saudi Arabia, Kuwait, Qatar, Bahrain, Jemen, Oman, and the United Arab Emirates. German Railway Consulting has drawn preparatory surveys on the planned Mekka-Dammam trans-Saudi railway, so it cannot be ruled out that also this project will be on the agenda of Schroeder's talks in Riyadh. The Saudi government presented its plans at a London conference, Feb. 1.

The Arabian Gulf states' transport ministers gave the general approval for the project of a rail line, for commodity transport, from Kuwait to Oman, at a December meeting in Qatar. Being the first-ever rail link between the states on the southern shore of the Persian Gulf, it would be the southern complement to the Iranian section of the North-South corridor along the northern shore of the Gulf. It would also link the Gulf states directly to the larger Eurasian rail grid, through the Iraq-Syria-Turkey grid and the Turkey-Iraq-Iran grid.

## **Poland Begins Troop Withdrawal from Iraq**

Poland is beginning to pull out one-third of its Iraq contingent, in line with Polish Defense Minister Jerzy Smajdzinski's statement to that effect on Jan. 31 in Warsaw. The 800 soldiers being pulled out, will be back in Poland by the end of February.

It is not ruled out that Ukraine, whose national parliament already voted in favor of a pullout, will begin to call its soldiers back as well.

In any case, the Polish and Ukrainian contingents have hardly moved out from their bases in recent weeks, for safety reasons.

## Russia and the CIS News Digest

### Professor Menshikov Writes on Dollar Crisis

In his Feb. 4 column for *Slovo*, a Russian-language paper published in Europe, Prof. Stanislav Menshikov discussed "The Nature of The Dollar Crisis—Conclusions For Russia," drawing on his recent participation in *EIR*'s Berlin seminar with Lyndon LaRouche. An English translation of the article was sent to Johnson's Russia List by Menshikov himself, and was posted there.

Analyzing the danger of runaway dollar-dumping by central banks, investors, and speculators, Menshikov called it a real and immediate problem, about which "Washington is just disoriented and has no idea what to do." By contrast, he wrote, "The ones in the know are those who think that the cause of the currency crisis is the existing world financial system itself, and no amount of patchwork solutions is going to fix it. For example, a popular American political figure, Lyndon LaRouche, has been calling for many years to replace the old system, headed by International Monetary Fund, and accompanied by the common European currency and floating exchange rates, with a New Bretton Woods system, which might be created as an agreement between the leading world nations. This topic was central to the mid-January scientific seminar of the in Berlin, attended by experts from 30 countries, including the author of these lines."

The Russian economist wrote that the dollar crisis stems not only from the USA's living beyond its means today, but may be traced to the end of the fixed-rate system in August 1971. Saying that "the danger of a dollar catastrophe is growing," Menshikov cited LaRouche again: "Lyndon LaRouche thinks that the dollar crash is inevitable and that sooner or later Washington will have to default on its official and private credit obligations. This, of course, would result in a worldwide economic crisis, which would be beneficial to no one—including the USA itself, which would lose its central role in world finance, with the dollar transformed into useless paper.... But the dollar crash may come, despite the will of the USA. Imagine a scenario, where China decides to transfer a large part of its dollar revenue into euros, yens, and pounds. Then the dollar would fall so much, that a chain reaction of dollar dumping and a de facto American debt default would be imminent."

Discussing the implications of such a turn of events for Russia, Menshikov ridiculed "undereducated liberals, still waiting for the godsend of foreign investments." What Russia should do, he concluded, is invest its surplus not by accumulating paper, but in real productive capital.

### Primakov Slams Russian Economics Minister Gref

Former Russian Prime Minister Yevgeni Primakov blasted the economic policies of the current Russian government as leading to disaster. Responding to a report by Economics Minister German Gref at the Jan. 28 session of the Federation Council (Parliament's upper house), Primakov charged Gref with "repeating the crimes and mistakes of the 1990s." Primakov is now chairman of the Russian Chamber of Commerce and Industry.

Gref's program reform of the social sector, Primakov said, is based on "the ideological assumption that there is an unbroken continuity with the 1990s, rather than making the necessary break with the past." The reform, which monetizes entitlements and subsidies for vital services, "amounts to a new type of shock therapy for millions of socially vulnerable citizens," he added. "It seems to me that we need to speak principally about a new phase that will correct the mistakes—the very big mistakes—of the 1990s. The biggest mistake of the 1990s was when we prevented free

competition, and this was accompanied by the growth of oligarchical structures." Real change, according to Primakov, would mean action to direct investment into the real economy, rather than real estate and commodity transfers, as is now the case.

## **Russian Historian: Yalta Was Historic Opportunity**

The Yalta Conference agreements in February 1945 "could have become a new chance for the world," but the chance was lost because President Franklin Roosevelt died, Russian Professor of History Valentin Falin said in a Feb. 3 interview with RIA Novosti. Falin was Soviet Ambassador to Germany in the 1970s, subsequently became a top Soviet information official, and is a long-time student of World War II. In this interview, he emphasized FDR's commitment to work with Stalin and the Soviet Union, as being closer than his commitment to British Prime Minister Winston Churchill. Falin's said his conclusions were based on the memoirs of U.S. Secretary of State Edward Stettinius, Jr., an influential industrialist, who was at the Yalta summit.

Falin pointed to the never-mentioned "major detail" of the talks, namely that FDR promised Stalin a loan of \$4.5 billion for post-war reconstruction. FDR may have been told that Stalin was a "communist dogmatic," Falin said, but "he knew that Stalin offered the Americans a vast number of concessions and exceptionally good investment conditions, and was pondering the idea of creating a market economy in the Soviet Union. The dream did not become reality only because Roosevelt was succeeded by Truman, a man who ordered Eisenhower on the way from the Potsdam Conference to draft a plan of a nuclear war against the Soviet Union, called "Totality."

Falin called FDR "a sober and far-sighted politician, who thought that America's economic might, even in the absence of strike forces, would ensure his country the leading role in the world." At the same time, he realized that the Soviet military had saved the U.S. from catastrophe in 1942, when it held on in Stalingrad. In early 1945, U.S. troops were embattled in the Ardennes, but the Red Army attacked (again, as it had for over two years!) ahead of schedule, saving the Allies on the Western Front. FDR also rejected Churchill's idea to conquer Germany and use Germans to hold the Russians back at the Oder River.

## **Eisenhower Granddaughter Calls for Engagement With Russia, China**

Warning that cooperation has stalled, President Dwight Eisenhower's granddaughter called Feb. 4 for renewed engagement with Russia and China. Taking her new book, *Partners in Space*, as a starting-point for her talk to a U.S.-Russia Business Council luncheon, Susan Eisenhower said that the successful cooperation between Russia and the U.S. National Aeronautics and Space Administration (NASA) over the last 10 years, should be the paradigm for U.S. foreign policy. Since President Clinton left office, she said, cooperation has been "subject to a considerable tightening on the U.S. side in the national security area." There has been "no meaningful cooperation since 2000" in space, between the United States and Russia, she said, as a result of the new visa policy, the constraints of the Iran Nonproliferation Act, and additions to the list of space hardware now prohibited under export controls.

Eisenhower had just visited Russia, where space officials told her that Russia has decided that it is easier to cooperate with the Europeans than with the United States—a decision which led to a new Russian-European space cooperation agreement.

## **China, India Involved in Russian Oil Development**

Russian Finance Minister Alexei Kudrin said Feb. 2 that a group of Chinese banks had loaned \$6 billion to the Russian state-owned oil company Rosneft, to help finance the latter's \$9.4 billion purchase of former Yukos Oil property Yuganskneftgaz in December. The Chinese loan, arranged via the state oil company CNPC, would be repaid in a five-

year contract to supply China with 50 million tons of oil. Though the Chinese financing was reported in the official newspaper *Peoples Daily*, a Chinese Foreign Minister spokesman on Feb. 3 denied it had taken place, just as Chinese officials had refused to confirm Russian Energy Minister Victor Khristenko's December statement that CNPC would ultimately own a 20% stake in Yuganskneftegaz.

## **Putin: Syria Missile Sales May Be Discussed**

Russian President Vladimir Putin said that missile sales to Syria were still under discussion, despite U.S. and Israeli opposition, *al-Jazeera* reported Jan. 29. Speaking to the *Jerusalem Post*, Putin said that Russia would never upset the Middle East's regional balance, and that sale of anti-aircraft missiles could be allowed for "defensive purposes." "While we're talking about supplies of weapons to countries in the region, such a supply should be understood in the light of supporting defensive capacities, as in Syria," he said. He continued, "We understand our responsibilities. We have not taken a single step to violate that balance [of forces in the region] and we will follow that pattern in the future. Second of all, we won't bring to the region weapons that can be used by terrorists or that can be transferred to terrorists without controls."

Israeli Prime Minister Ariel Sharon spoke by phone with Putin several days earlier, when it was understood that he urged the Russian leader not to conclude any deal during Assad's visit. Putin said the missile sale was still under discussion "with all participants [in] ... the Middle East settlement, including frankly and openly with our Israeli partners."

## **Georgian Prime Minister Dies**

Prime Minister Zurab Zhvania of Georgia, died Feb. 3 at age 41, of carbon monoxide poisoning attributed to a faulty space heater. He was found dead along with an associate, Raul Yusifov, in the latter's apartment, according to Georgian Interior Minister Nano Merabishvili. The small heaters are in wide use in Georgia, where the privatized electricity sector and other utilities function poorly.

Nonetheless, media and some members of Parliament speculated that there may have been foul play. Shvania was a close adviser to President Michael Saakashvili, and had rivals in the government. At the same time, independent observers considered Zhvania, a biologist who had worked with former President Eduard Shevardnadze and had headed the Georgian Parliament, to be a steadying influence on the young Saakashvili, who came to power in the Western-financed "Rose Revolution" of December 2003. Saakashvili has taken over the premier's duties. Many believe that Speaker of the Parliament Nino Burjanadze may be named Prime Minister.

## **Asia News Digest**

### **India Expresses 'Grave Concern' Over Nepal Developments**

The Indian statement followed the fact that on Feb. 1, Nepali King Gyanendra sacked his government, imposed a state of emergency, and seized control over the state for the next three years. In essence, King Gyanendra has reinstated the absolute monarchy which the Nepalis had gotten rid of in 1990. The ostensible reason behind the power grab was the government's inability to hold elections and the rise of lawless Maoist insurgents. The real story is something else.

What is evident is that King Gyanendra made his move without informing New Delhi—its next door neighbor, a nation with 1 billion-plus people. Reports indicate that King Gyanendra was unwilling to get New Delhi's approval in opening the road (already built) between Lhasa in Tibet and Kathmandu. His Prime Minister Deuba, now deposed, had insisted that Indian approval was necessary.

The immediate effect of the power grab is a mass exodus of Nepali Maoists into India, which New Delhi considers highly unsettling.

## **India Plans To Lend \$4 Billion to Russia in Oil Deal**

According to Indian media on Feb. 2, a top Indian Oil Ministry official has said that India's Oil and Natural Gas Corp (ONGC) is negotiating a deal to lend \$4 billion to Russia's Rosneft and spend another \$2 billion to buy a part of the oil assets from the Russian firm Yukos.

"ONGC has the backing of the petroleum ministry, but we need the approval of the Cabinet Committee on Economic Affairs before going ahead," said the official. Another official told the media that ONGC is likely to acquire 16-17% equity in Yuganskneftegaz, a unit of the Yukos that was bought for \$9.4 billion by an unknown Russian group, Baikal Finance, which was in turn bought by state-run oil producer Rosneft.

India, which imports 70% of its crude oil requirement, has stakes in oil and gas projects in countries such as Myanmar, Sudan, Russia, Libya, and Australia, and recently signed a \$40 billion deal to import LNG from Iran.

## **Anti-Yangoon Group Urges Political Prisoner Release**

The anti-Yangoon Karen National Union (KNU) took the occasion of the celebrations of the 56th anniversary of its revolution, to call on the Myanmar ruling junta to show its sincerity by releasing all political prisoners, and beginning talks with the National League for Democracy (NLD) and other minority groups, instead of using force.

The call was made on Feb. 1, at the celebrations, which were attended by leaders of several minority groups, including the pro-democracy Democratic Karen Buddhist Army.

Former KNU leader Gen. Bo Mya, now wheelchair-bound patron of the movement, opened the celebrations. The KNU had severed itself from Burmese government control and fought for equal rights and freedom in Burma for 56 years and would continue its battle to maintain the Karen identity, he said.

KNU secretary-general Pado Mahn Sha Lapan said the KNU wanted Yangoon to show its sincerity about unifying Myanmar by releasing all political prisoners, including NLD leader Aung San Suu Kyi, halting crackdowns on political rivals and minority groups, and starting talks with the NLD and all other minority groups.

KNU supreme commander Lt-Gen. Mu Tu said Myanmar (Burma) troops were still operating in Karen-held areas.

"If Burma wants to solve the problems through political means, the KNU is ready to cooperate or there will be never-ending losses," he said.

## **Vietnam Seeks International Help To Tackle Bird Flu**

Vietnam has officially requested the help of the international community to tackle a bird flu epidemic and prepare a long-term plan to address the problem, the World Health Organization said Feb. 3.

Vietnamese Agriculture Minister Cao Duc Phat sent a letter late Feb. 2 to WHO and the United Nations Food and Agriculture Organization (FAO) asking for help in developing a strategy to tackle the on-going bird flu epidemic.

Hans Troedsson, WHO's representative in Vietnam, said the Ministry had also confirmed initial findings that a Cambodian woman who died last month in southern Vietnam had tested positive for bird flu.

UN agencies would coordinate aid from the international community and experts should be sent to Vietnam for a comprehensive assessment. The virus has claimed 13 lives in Vietnam since Dec. 30, and 33 since the end of 2003. Twelve people have also died in Thailand from the virus that has swept Asia since December 2003.

## **German Foreign Minister Heads for Southeast Asia**

German Foreign Minister Joschka Fischer embarked Feb. 3 on a nine-day tour of Indonesia, Australia, and New Zealand to assess relief efforts in Indonesia's Banda Aceh region, and to promote Berlin's bid for a permanent seat on the UN Security Council. The trip includes stops in East Timor and Malaysia, and is his second visit to the tsunami-devastated region.

Germany is among the main donors to the stricken region, with the government pledging 500 million euros (\$653 million) in aid, in addition to more than 400 million euros the German public has donated.

Fischer toured Thailand, Sri Lanka, Indonesia, and the Maldives last month in the aftermath of the tsunami.

The German military has anchored a supply ship, the Berlin, off the coast of the Aceh province, equipped with a clinic and two water-treatment systems, and dispatched several teams from its Technical Reconstruction Agency.

Fischer has stepped up his travel schedule in recent months since Germany, Japan, India, and Brazil in September launched a joint bid for permanent seats on the UN Security Council as part of a proposed reform of the body.

## **Chinese Scholar Explains China's Stand on Revaluation**

Ding Yifan, Deputy Director of the Institute of World Development in Beijing, travelling with the head of the Institute, former Ambassador to Germany Mei Zhaorong, was asked in a Feb. 2 Washington meeting why China will not revalue the renminbi. Ding, who has interviewed Lyndon LaRouche, and has written several books with chapters on LaRouche's economic and political ideas, gave the following interesting response, in paraphrase:

China had a managed float before 1997, and revalued three times in the 1990s. The decision to set a hard peg in 1997 was due to the so-called Asian crisis, in order to help stabilize the monetary situation in Asia generally. Then, having fixed the peg to the dollar, it can not be changed quickly. We are under great international pressure, from the U.S., Europe, and Japan, with large flows of money betting on a devaluation—hot money. We cannot show weakness before this speculation, since if we give in, they will try to drain our markets. We have enough reserves, so we can deal with the speculation, and are not looking to revalue any time soon.

Ding continued: Of course, at some point in the future, if the pressure is taken *off*, we could *then* revalue.

## **Philippines Senator Calls for Investigation of Hersh Charges**

On Jan. 28 Philippines Sen. Aquilino Pimentel from Mindinao called for a Senate Select Committee to investigate the Pentagon spies revealed by investigative journalist Seymour Hersh in the *New Yorker* magazine, and similar reports in the *Washington Post*. Pimentel presented a description of the U.S. spy apparatus, under military intelligence control, including

the fact that the Philippines was named as a target, emphasizing that this was not covered by the Visiting Forces Agreement, shoved down their throats by the U.S., to allow American forces to operate within the country as "trainers." He detailed the strange case of the American Michael Meiring, who accidentally blew up a bomb in his hotel room in 2002, and was spirited out of the country by FBI and U.S. Embassy staff before the Philippines government could arrest him. Was he one of these strange fellows?

## **Russia and China Announce Regular Security Consultations**

Russia and China will hold regular security consultations in the future, Russian President Vladimir Putin and visiting Chinese State Councilor Tang Jiaxuan announced Feb. 2. Tang Jiaxuan, former Foreign Minister and now China's senior foreign policy diplomat, said to Putin that Russia is China's "main partner for strategic cooperation," and that "This is the first time ever that China is establishing a mechanism of national security consultations with another country." Tang had discussed details of the mechanism with Russian Security Council secretary Igor Ivanov earlier in his visit to Moscow. "We decided to establish such a mechanism with Russia because we have close positions regarding the international situation, key international and regional issues, as well as issues related to maintaining peace and helping global development. We have common strategic interests related to those issues."

Putin said that "consultations in the sphere of security at the political level are the groundwork of our cooperation in that sphere. I can state with pleasure that plans for bilateral consultations in the sphere of security are being implemented. We have very intensive relations in the political and economic spheres, in security and in military cooperation. This year there will be a major military exercise, the first one of this scale over many years." The joint Russian-Chinese military exercise is scheduled for August. Russian Air Force chief Gen. Vladimir Mikhailov said in January that Tu-22M and Tu-95 bombers will take part in the exercises.

## **India Wants To Collaborate with China on Oil Projects**

The Feb. 2 edition of the Indian paper *The Hindu* reported that Indian Oil Minister Mani Shankar Aiyar said that India wants a joint strategy with China to set up a "mechanism" to cooperate on oil projects. Aiyar, speaking at a Houston teleconference on oil, said that India wants a joint strategy with China to bid for foreign oil projects, and avoid costly competition between the two Asian giants. The two nations can cooperate and set up joint ventures rather than competing, Aiyar said.

Aiyar has set up a task force to identify areas where the two countries can cooperate in oil and gas projects, to be headed by Additional Secretary Talmiz Ahmed.

"We are always pitted against each other to the advantage almost always of the third country," Aiyar said. "Perhaps we could set up some form of a mechanism of mutual consultation regarding third country properties and thereafter in some cases bid against each other, in some cases bid together."

Aiyar is planning a "major visit" to China later this year, after he was invited by the Chinese Energy Minister during a Round Table of Asian oil consumers and producers held in New Delhi last month. India will also host oil ministers from Russia and Central Asia in March for discussions about oil supplies. India has to import 70% of its crude oil.

Aiyar was on a visit to Canada, U.S.A., Britain, Dubai, and Moscow in his efforts to get foreign oil firms to invest in exploration for oil at home.

## **Africa News Digest**

## **At Davos, Mbeki Attacks Looting of Developing Countries**

At the World Economic Forum in Davos, Switzerland, Jan. 27, South African President Thabo Mbeki scored what he called the "obscurity" of the debt-looting of the developing countries, and demanded both debt cancellation and serious investment funds.

He said: "The debt cancellation must be effected, and it requires the passion and the rage, and the understanding that it really is quite obscene that the poor countries become net capital exporters to rich countries because of debt. So this thing has to be dealt with.

"So hopefully, at the next G-8 meeting ... this year in the United Kingdom, finally, will take some decision on this thing—critically important.

"The second matter that you have been raising, about a proposal that Jacques Chirac has been making about additional taxes [international transactions taxes to fund the poorest nations—ed.], addresses the critical matter of, apart from the debt cancellation, generating the necessary capital flows into the continent. There are a number of proposals on the agenda. The British have been putting forward the idea of an international financing facility. The matter of extra taxes was raised jointly by President Chirac, President Lula of Brazil, and some others, and what we had agreed at the last G-8 summit in the United States, was that by the time we get to next G-8 meeting in July, we should have consolidated all of these ideas and come with one idea instead of these competing ideas, and indeed if it is possible to generate some of those resources through whatever forms of taxation, that is fine. But I am saying, critically, before we say where shall the money go, we should answer the question, where is the money?"

## **Libyan Oil Explorations Licenses Tilt Toward U.S. Companies**

Libya announced the granting of 15 oil exploration licenses Jan. 29, the first in more than 40 years. Another 40 licenses will be awarded within a month. Five of the licenses went to Occidental Petroleum with its United Arab Emirates partner, Liwa, and another four to Woodside Petroleum Ltd. (Australia), in which Occidental shares rights. Two other U.S. companies, ChevronTexaco and Amerada Hess, each got one license.

BP and Royal Dutch/Shell received no licenses. Repsol of Spain, ENI of Italy, and OMV of Austria, three companies that have been operating in Libya during the 19 years of U.S. sanctions, received no new licenses.

Petrobras of Brazil, the Indian Oil Corporation, and Sonatrach of Algeria each received one license. A license also went to a 50:50 partnership between Medco Energy International of Indonesia and Verenex Energy of Canada.

The companies that have been licensed to explore will receive anywhere from 11% to 39% of any resulting production; the rest will go to Libya. Libya's choice from among the many bidders was partly determined by the percentage offered Libya, according to *Oil & Gas Journal* Feb. 1.

With respect to foreign companies' production from known deposits, the Libyan government is likely to permit the Oasis Group—a U.S. consortium of Continental Oil, Marathon Petroleum, Amerada, and Shell—to return to concessions abandoned after President Reagan imposed sanctions on Libya in 1986. Libyan Oil Minister Fathi ben Shatwan said this approval was likely in "a month or less," according to the *Financial Times* Jan. 30.

## **Container Port To Be Built in Tangier**

Moroccan Prime Minister Driss Jettou Jan. 26 chaired the signing of a convention for the construction of a container port in Tangier, to be called the Tangier-Mediterranean Port. The concession went to Maersk-Akwa Holding, in which the A. P. Møller-Maersk Group, the world's leading ship owner, holds a 90% share.

The port will include a deep-sea harbor. The convention commits the concessionaire and the government of Morocco to link the container terminal and port to energy distribution networks and the national highway and rail network.

Maersk-Akwa agreed to invest 150 million euros by 2010 in the design, construction, and maintenance of the port.

Prime Minister Jettou said that the Tangier-Med port is a "concrete expression of Morocco's resolve to open up on international trade, liberalize its economy, and get closer to Europe."

## **Morocco Privatizes 'One of the World's Most Profitable Telecom Companies'**

CEO Jean Rene Fourtou of Vivendi Universal, a French company, handed over to Moroccan King Mohammed VI, a check for 1.1 billion euros on Jan. 4, in payment for a 16% stake in Maroc-Telecom, Morocco's land and mobile telephone and Internet operator. Vivendi already holds a 51% stake. At the ceremony, Moroccan Prime Minister Driss Jettou said that the purpose of the sale was to turn Maroc-Telecom into a prosperous and profitable company, *Arabic News* reported Jan. 5. But *Arabic News* added that in 2003, Maroc-Telecom "posted an operational result of 6.9 billion DH [622 million euros], ... which makes it one of the world's most profitable telecom companies."

## **This Week in History**

### **February 7-13, 1791**

## **'Doing Something Difficult': — Peter Cooper and the Public Benefit**

Several outstanding Americans from various centuries share a Feb. 12 birthday with Abraham Lincoln, and one of them, Peter Cooper, is associated with the speech which Lincoln himself felt had gained him the Presidency. That was the Cooper Union speech in New York in 1860, but it was only the first of two Cooper Union meetings which played an important role in Lincoln's ability to save the nation.

Peter Cooper was born in 1791, when George Washington was President, and died in 1883, a year after Franklin Roosevelt was born. During this long span of time, he contributed to the public good in an amazingly varied number of ways. Peter's father was a veteran of the Revolutionary War, as was his mother's father. In 1799, Peter's father held him up above the crowd so that he could see George Washington's funeral parade wending its way down Broadway, in New York City. Peter also got to see Thomas Jefferson riding up to the building where Congress was meeting.

Because his family was poor, Peter received only three terms of schooling. He had to go to work at a young age, and learned hatmaking, brickmaking, grocery clerking, cloth shearing, and carriage manufacturing. Even as a boy, his great curiosity about how things worked led to his invention of a mechanical washtub for his mother, and to his being able to make shoes for his family after he found one on the street and took it apart. At the age of 17, he invented a machine for mortising carriage wheels, never patented it, and noted in 1879 that his design was still "mortising all the hubs in the country."

Cooper described himself in a memoir as "never satisfied unless I was doing something difficult—something that had never been done before, if possible." As a young man, Cooper invented an endless-chain device for propelling boats. First demonstrated successfully on the East River, the device was then offered to DeWitt Clinton, who wanted to use it on the Erie Canal. The plan was quashed because the farmers along the canal had been promised the rights to sell feed for the mules that pulled the canal boats.

Peter Cooper then bought a glue and isinglass factory, and resolved to build it into the best factory in the world. His glue became world-famous because it had such reliable uniformity. He once refused to raise the price as high as the large demand for it would have warranted, saying that, "The world needs this thing." He stayed in the glue-manufacturing business for over 30 years, for it enabled him to both work on his myriad inventions and become an entrepreneur in other industries.

First, Cooper joined other investors in buying a large plot of land across from Fort McHenry on Baltimore Harbor, and branched out into iron production, especially for the emerging railroad industry. The commissioners of the new Baltimore and Ohio Railroad had pushed the construction of the roadbed through hilly country, and now found that their curves were too sharp for any known engine. Cooper came to the rescue by designing and building a legendary locomotive called the "Tom Thumb."

In August of 1830, the little brass engine had a successful run, with six men on the engine and 36 men on the passenger car. The train achieved a top speed of 18 miles an hour. This frightened the owners of the local stagecoach lines, who challenged the engine to a race. Cooper's engine was beating the horse-drawn carriage when his pressure device failed, and by the time he fixed it, the horse had an insurmountable lead. Despite the defeat, the railroad was extended westward, and by 1834, the B&O had seven locomotives, 34 passenger cars and a thousand freight cars running as far as Harper's Ferry. The race between the "Tom Thumb" and the horse-drawn carriage became an American legend when it was circulated as a Currier & Ives print, diplomatically showing the two contestants running neck-and-neck.

In 1845, Cooper moved the ironworks to Trenton and built it into the largest rolling mill in the United States. In addition to railroad rails, the plant turned out iron beams for the new iron-framed, fireproof buildings that were beginning to appear in the major cities. The firm received orders for iron beams to frame the new dome of the U.S. Capitol, as well as for the U.S. Mint in Philadelphia. Then, in 1854, Cooper was one of the six investors who met at the home of his next-door neighbor, Cyrus Field, to form the company which would lay the under-ocean cable for the first Atlantic telegraph.

Peter Cooper considered the crowning achievement of his life to be the founding of "The Cooper Union for the Advancement of Science and Art." As a young man, he had resolved that if he should prosper, he would devote a portion of his money and energy to assist young men in the pursuit of knowledge. As a member of the Common Council of New York City, Cooper had been a Trustee of the Public School Society and, afterwards, a Commissioner of Education. But, in 1859, he realized his life's dream by founding the Cooper Union, building it a large, fireproof building, and offering free classes in science, art, and engineering to working men and women. The building also provided an extensive library and a large hall in which public lectures were given.

After reading the published transcripts of the Lincoln-Douglas debates of 1858, Cooper and his friend William Cullen Bryant, who were both Jeffersonian Democrats, became more and more convinced that Abraham Lincoln should become President of the United States. In 1860, Cooper and Bryant invited Lincoln to speak in New York, and convinced Cooper's circle of entrepreneurs to attend the speech at the Cooper Union. On Feb. 27, 1860, Bryant presided at the podium, Cooper's friend David Dudley Field led Lincoln to the platform, and Peter Cooper looked on from the audience. The result of Lincoln's masterful speech was that many eastern Democrats helped vote him into the Presidency.

When Lincoln faced a difficult reelection battle against Gen. George McClellan in 1864, Cooper organized a rally of pro-

war Democrats at Cooper Union to support Lincoln and the continuation of the war. One account says that a group of Boston Unionists came to New York, and went straight to Peter Cooper as someone who, "in an ugly squall, never said, 'Go, boy, and reef that topsail,' but always, 'Come, boys, let us do it.'" One of the Bostonians asked Cooper for letters of introduction, but Cooper answered, "There's no time for letters or palavers; just get into my buggy."

Cooper then drove the Bostonians at a reckless pace all over the city. "From door to door we drove," reported one passenger, "through the crowded streets, stirring up one timid friend, holding back the next who wanted some other method, insisting with all against delay, or doubt, or change of plans, till in half the time anyone else would have taken, Peter Cooper, with his big Union at his nod, had arranged for the great meeting."

The meeting was held on Nov. 1, a week before the election, and the New York *Herald* reported that, in response to a "trumpet call," all the leading Jacksonian or War Democrats were present. When "Major General Dix, Francis B. Cutting, Peter Cooper, and other well-known, staunch supporters of the Democratic Party in the days of its pristine glory made their appearance on the platform," they were greeted with such an enthusiastic reception, continued the article, that it must have done wonders to decide the waverers in the packed audience.

After the end of the war, and Lincoln's assassination, Cooper did not waver in trying to carry out Lincoln's programs. Immediately after the war, he pleaded for monetary support for disabled veterans and their families, and also supported the Southern Relief Association which had been organized to care for the destitute in the former Confederacy. He reacted strongly to the attempts to disenfranchise the freed slaves, making a public address in 1872, in which he advocated keeping the Republicans in power, because the contest over slavery "is not yet over." He stated that the country was still in danger from those who "once levied war against it with bullets, and who now seek to overthrow it with ballots."

In 1880, at the age of 89, Cooper had the pleasure of serving as the focus, along with a reproduction of the "Tom Thumb," of Baltimore's 150th anniversary parade. But age did not stop his campaigns for the improvement of the general welfare. He lobbied the U.S. government to set up industrial schools, such as the Cooper Union, across the country; campaigned to get the Federal government to build the Northern and Southern Pacific Railroads; and proposed that the government should establish a program of large-scale public improvements that would also provide employment for thousands of Americans. The last proposal would be fulfilled by a future President who was but one year old when Cooper died in 1883.

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